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<i>WJ</i>	<i>NR</i>

**COMPANY RESPONSE TO SUPPLEMENTAL  
STAFF REPORT REGARDING GRANITE  
MOUNTAIN WATER COMPANY, INC.'S  
REQUEST TO MODIFY DECISIONS  
PURSUANT TO A.R.S. § 40-252**

Docket No. W-02467A-09-0333

Docket No. W-02467A-09-0334

Docket No. W-02467A-10-0483

Decision No. 72294

Decision No. 72377

**REQUEST TO MODIFY DECISIONS**

Herein is Granite Mountain Water Company, Inc ("Granite Mountain" or "Company") response to Staff's Supplemental Report submitted March 11<sup>th</sup>, 2013 in regards to the Company's request to modify two prior decisions under A.R.S. 40-252, consolidated by procedural order on February 5<sup>th</sup>, 2013.

**Issue # 1 – Company never requested approval of financing in the amount of \$240,808.**

And

**Issue #2 – The Company currently has a standing legal agreement with Water Infrastructure Finance Authority ("WIFA") until August 15, 2013, and therefore, the new debt service coverage ("DSC") ratio of 1.50 is not applicable.**

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3 The Company appreciates Staff's concession not to interfere with the agreement between the  
4 Company and WIFA. In review of the Supplemental Staff Report, WIFA asked the Company to  
5 reiterate the Company's request in the original 40-252 petition;

6 *"to have the any unused authorization to incur long-term debt granted in the proceeding to*  
7 *terminate no sooner than June 1, 2014; and to have the compliance items listed in the Decision to be*  
8 *extended to comply with the Commission's ruling on the Request for an Extension of Time on*  
9 *Decision 72294."*

10 **Issue #3 – Company proposes its dates over Staff's recommended dates for AOC Compliance**  
11 **Filing.**

12 In the Company's original 40-252 petition, the company requested an extension of time relative to  
13 four key expiration dates. These dates included;

- 14 1) *Complete one of the following to address its inadequate storage capacity issue: (a) Drill a*  
15 *replacement well to replace its existing Well #5 (ADWR #55-622083), or (b) Construct and install*  
16 *a 110,000-gallons storage tank, or (c) Add a new production well by June 1, 2014,*  
17 2) *If addressing the inadequate storage capacity issue by drilling a replacement well or adding a*  
18 *new production well, file with the Commission's Docket Control, as a compliance item in this*  
19 *docket, copies of the Approval to Construct for the replacement well or the new production well*  
20 *by June 1, 2013.*  
21 3) *If addressing the inadequate storage capacity issue by drilling a replacement well or adding a*  
22 *new production well, file with the Commission's Docket Control, as a compliance item in this*  
23 *docket, copies of the Approval of Construction for the replacement well or the new production*  
24 *well by June 1, 2014.*  
25 4) *As mentioned previously; to have the any unused authorization to incur long-term debt granted*  
26 *in the proceeding to terminate no sooner than June 1, 2014.*

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2  
3 The Company would like it noted that due to regulatory requirement including the time to process  
4 this 40-252 petition that the above requested expiration dates are quickly approaching. Particularly  
5 the Approval to Construct ("ATC") expiration date of June 1<sup>st</sup>, 2013. Upon completion of these  
6 proceedings the Company will do what is possible to file the Application for Approval to Construct  
7 and get the ATC from the Arizona Department of Environmental Quality ("ADEQ") by the expiration  
8 date. Although, based on ADEQ's Application Processing Times  
9 (<http://www.azdeq.gov/environ/water/engineering/ltf.html>) the review may take approximately 53-  
10 83 business days. This is also not considering the processing time of the Arizona Department of  
11 Water Resources ("ADWR").

12 **Issue #4 – Engineering Information needed by Staff**

13 **Issue #5 – Engineering data on proposed well**

14 **Issue #6 – Company's engineering proposal**

15 And

16 **Issue #7 - Company's engineering proposal**

17 The Company has adequate area at its tank facility to accommodate (1) 50,000 gallon water storage  
18 tank. This has been predesigned and will be located adjacent to Tank #2 (50,000 gallon water  
19 storage tank) that is already in service. According to the Company's well testing results, previously  
20 submitted, Well #6 (ADWR 55-210719) can produce 70 gallons per minute ("GPM") with 58 feet of  
21 draw down and 35 GPM with 13 feet of draw down. Currently the well, located within the Prescott  
22 AMA has a maximum allowable pumping capacity of 35 GPM. Although after purchase of the well  
23 the Company will seek approval from ADWR to increase the maximum allowable pumping capacity  
24 to meet Staff's water production requirements. Theoretically if the Company is approved to pump  
25 45 GPM from the well, then in combination with the 50,000 gallon water storage tank the water  
26 production should be sufficient to meet Staff's requirements.

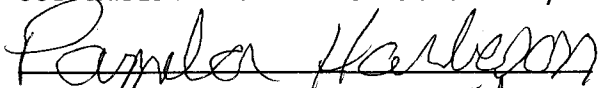
1  
2  
3 Regarding Items #2, #3, #4, and #5 in the Supplemental Staff Report, the Company will not contest a  
4 set-aside amount of \$10.00 per customer per month in an interest bearing account in order to repay  
5 the indebtedness associated with the WIFA loan. The Company concurs and appreciates Staff's  
6 position that customer notification and an evidentiary hearing are not recommended, but will  
7 comply should the Commission and/or Administrative Law Judge deem either appropriate.  
8

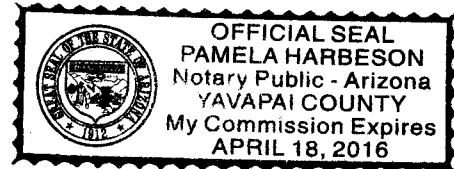
9 Respectfully submitted on the 5th of April, 2013 by:

10 

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16 Attorney for Granite Mountain Water Company

17 SUBSCRIBED AND SWORN to me this 5th day of April, 2013.

18  NOTARY PUBLIC  
19 My Commission Expires April 18, 2016



20 Original and 13 copies filed on the 5th of April, 2013 with:  
21 Docket Control  
22 Arizona Corporation Commission  
23 1200 West Washington  
24 Phoenix, AZ 85007

25 By: 

26 Matthew Lauterbach, Operations Manager